INDEPENDENT AUDITORS' REPORTS BASIC FINANCIAL STATEMENTS SUPPLEMENTARY AND OTHER INFORMATION INTERNAL CONTROLS AND COMPLIANCE

JUNE 30, 2021



Table of Contents

	Page
City Officials	1
Independent Auditors' Report	2 - 4
Management's Discussion and Analysis (MD&A)	5 - 9
Basic Financial Statements:	
Government-wide Financial Statement: Cash Basis Statement of Activities and Net Position	10
Governmental Fund Financial Statement: Statement of Cash Receipts, Disbursements and Changes in Cash Balances	11
Proprietary Fund Financial Statement: Statement of Cash Receipts, Disbursements and Changes in Cash Balances	12
Notes to Financial Statements	13 - 25
Other Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds	26
Notes to Other Information - Budgetary Reporting	27
Schedule of the City's Proportionate Share of the Net Pension Liability	28
Schedule of City Contributions	29
Notes to Other Information - Pension Liability	30
Supplementary Information:	
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds	31
Schedule of Indebtedness	32
Bond and Note Maturities	33
Schedule of Receipts by Source and Disbursements by Function - All Governmental Funds	34
Internal Controls and Compliance:	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements	35- 36
Performed in Accordance with Government Auditing Standards	
Schedule of Findings and Questioned Costs	37 - 39
Audit Staff	40

City Officials

(Before January 2021)

	(Delote January 2021)	The state of the s
Name	<u>Title</u>	Term <u>Expires</u>
Perry Bernard	Mayor	January, 2022
Harlan Schuck	Mayor Pro tem	January, 2022
Michael Timmer Dan Bruns Virgil Goodrich Janice Johnson Chris Luhring	Council Member Council Member Council Member Council Member Council Member	January, 2022 January, 2024 January, 2024 January, 2024 Indefinite
Martin Petersen	Attorney	Indefinite
	(After January 2021)	Term
Name	Title	<u>Expires</u>
Perry Bernard	Mayor	January, 2022
Harlan Schuck	Mayor Pro tem	January, 2022
Michael Timmer Dan Bruns Virgil Goodrich Janice Johnson Chris Luhring	Council Member Council Member Council Member Council Member Council Member	January, 2022 January, 2024 January, 2024 January, 2024
Klinenborg Hansmann & Petersen Emily Pittenger	Attorney	Indefinite Indefinite

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Thomas F. Thierman, CPA
David J. Rogers, CPA/ABV
Janel J. Ruzicka, CPA

Independent Auditors' Report

To the Honorable Mayor and Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of City of Parkersburg, Iowa, as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of City of Parkersburg as of June 30, 2021, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Parkersburg's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financials statements for the nine years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included on pages 31 through 34, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 5 through 9 and 26 through 30, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated DATE on our consideration of City of Parkersburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Parkersburg's internal control over financial reporting and compliance.

Chiny, Alixandu, Marold + Co., L.P. Waterloo, Iowa

Management Discussion and Analysis

The City of Parkersburg, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2021. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

Fiscal Year 2021 Financial Highlights:

- Revenues of the City's governmental activities increased 7.8% or approximately \$219,535, from fiscal year 2020 to fiscal year 2021. Property tax receipts increased approximately \$99,878, which included tax increment financing collections increasing \$57,467 in the same period of time.
- Disbursements increased 5.8%, or approximately \$210,586, in fiscal year 2021 from fiscal year 2020. Public Safety disbursements increased \$30,121, public works disbursements increased \$54,275 and capital projects decreased \$153,682.
- The City's total cash basis net assets increased by \$997,827 from June 30, 2020 to June 30, 2021. Of this amount, the assets of the governmental activities increased \$1,094,489. A large portion of these funds are capital project funds and/or bond proceeds committed to our Sanitary Sewer Lining Project and Grant St / Johnson St watermain construction/reconstruction project. The assets of the business type activities decreased by approximately \$96,662.

Using This Annual Report

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the non major governmental funds.

Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the City's Financial Activities

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets provides information that helps answer this question.

The Statement of Activities and Net Assets present the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains two Enterprise Funds to provide separate information for the water and sewer funds, considered to be major funds of the City.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

Government-Wide Financial Analysis

Net Assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from \$1,513,661 in Fiscal Year 2020 to \$2,608,150 at the end of Fiscal Year 2021. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Position of Governmental Activities (Expressed in Thousands)

(Expressed in Thousands)		
	Year e	nded June 30,
	2021	2020
Receipts and transfers:		
Program receipts:		
Charges for service	\$ 175	\$ 162
Operating grants, contributions and restricted interest	280	241
Capital grants, contributions and restricted interest	524	553
General receipts:		
Property tax	1,446	1,347
Local option sales tax	202	136
Unrestricted interest on investments	9	29
Bond proceeds	1,580	-
Miscellaneous	185	136
Transfers, net	296	
Total receipts and transfers	4,697	2,603
Disbursements:		
Public safety	387	357
Public works	471	417
Health and social services	3	3
Culture and recreation	296	376
Community and economic development	461	416
General government	219	199
Debt service	471	173
Capital projects	1,298	1,452
Total disbursements	3,603	3,393
Increase/(decrease) in cash basis net position	1,094	(790)
Cash basis net position beginning of year	1,514	2,304
Cash basis net position end of year	\$ 2,608	\$ 1,514

During Fiscal Year 2021, the City's total receipts increased for governmental activities by 44.6% or \$2,094,000. In the same time period, the total cost of all programs and services performed by the city increased by \$210,000, or 5.8%. The increase in receipts was primarily due to \$1,580,000 in bond proceeds being received and deposited by the city to complete two major capital construction projects.

The City decreased the property tax levy from \$13.49488 / \$1000 valuation in Fiscal Year 2020 to \$13.33309 / \$1000 valuation in Fiscal Year 2021. The City's total property tax receipts increased by \$99,000 during Fiscal Year 2021. For Fiscal Year 2022, the City has proposed decreasing the tax levy rate from \$13.33309 / \$1000 valuation to \$12.53491 / \$1000 valuation. Due to continued growth and new construction taking place, total property tax receipts are expected to increase in the future while reductions are made to the city's portion of the overall tax levy. This is to the benefit of all property owners.

The cost of all governmental activities in Fiscal Year 2021 was \$3,604,322 compared to \$3,393,736 in Fiscal Year 2021.

Changes in Cash Basis Net Position of Business Type Activities (Expressed in Thousands)

(Expressed in Thousand)				
	Year ended June 30,			0,
		2021		2020
Receipts and transfers:				
Program receipts:				
Charges for service				
Water	\$	337	\$	321
Sewer		228		217
Transfers, net		296		
Total receipts and transfers	2	861	-	538
Disbursements:				
Water		187		276
Sewer		179		238
Total disbursements		366		514
Increase in cash basis net position		495		27
Cash basis net position beginning of year	-	944	_	920
Cash basis net position end of year	\$_	1,439		944

Total business type activities receipts for the Fiscal Year 2021 were \$861,252 compared to \$538,087 in the previous year. The cash balance decreased by \$96,662 from Fiscal Year 2020. Total disbursements in Fiscal Year 2021 decreased to \$365,630 compared to \$514,364 in the previous year due to the completion of construction projects completed in the previous fiscal year compared to FY2021.

Individual Major Governmental Fund Analysis

As the City of Parkersburg completed the year, its governmental funds reported a combined fund balance of \$2,608,150, an increase of \$1,094,489 from the Fiscal Year 2020 total of \$1,513,661. The following are the reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund cash balance increased to \$2,173,951 from the prior year balance of \$1,368,096 due to bond proceeds being deposited in anticipation of two major capital projects being completed.
- The Capital Projects fund balance increased \$317,458 to a FY2021 year-end balance of -\$149,660.

Individual Major Business Type Fund Analysis

- The Water Fund cash balance decreased by \$26 to a balance of \$435,970.
- The Sewer Fund cash balance decreased by \$96,636 to \$411,072.

Budgetary Highlights

The City did not amend its budget during the fiscal year. Budget amendments are a routine occurrence for the City and are primarily due to changes in the timing of capital improvement projects or purchases not anticipated at the time that the budget was originally approved by the City Council.

Debt Administration

As of June 30, 2021, the City had approximately \$2,275,000 in bonds, compared to approximately \$1,185,000 in the previous year, as shown below.

Outstanding Debt at Year-End (Expressed in Thousands)

	Year ended June 30,		
	2021	2020	
General obligation bonds - street improvement bonds	(=8)	345	
General obligation bonds - refunding bonds	140	235	
General obligation bonds - corporate purpose bonds General obligation bonds - corporate purpose and	570	605	
refunding bonds	1,565_		
Total	\$ 2,275	\$ 1,185	

Outstanding debt in Fiscal Year 2021 increased as a result of a new bond issuance during the fiscal year. It is scheduled to decrease in Fiscal Year 2022 as payments pay down existing debt.

The Constitution of the State of Iowa allows a city to issue general obligation debt at a limit of 5% of the actual assessed value of the property within the City's corporate limits. The maximum amount the City of Parkersburg can currently borrow is \$7,127,328. The city prefers to limit the amount of general obligation debt issued to less than one-half of the constitutionally allowed debt limit. As of June 30, 2021, the City's current outstanding general obligation debt was \$2,275,000, or approximately 31.2% of the maximum amount of general obligation debt the City can incur.

Economic Factors and Next Year's Budgets and Rates:

The City of Parkersburg's elected and appointed officials considered many factors when setting the Fiscal Year 2022 budget. Some of which included the tax rates and fees for various city services and charges for city amenities. While Parkersburg continues to experience growth in its property tax base, property values are determined by the Butler County Assessor's Office. Overall, home sales continue to show people value the homes that are in Parkersburg, want to live here, and will pay more to do so. Our steady growth has allowed the City to maintain its high level of service to its citizens. The City is able to project a balanced budget in all categories in the future.

Currently, inflationary pressure is increasing the prices paid for materials, supplies, parts, and equipment in all departments. The operating cost for providing water and sewer services is also rapidly increasing. The expected costs of future capital projects also continues to increase at a faster than anticipated pace. The City of Parkersburg continues to budget accordingly and to aggressively apply for grant funding in order to replace infrastructure and equipment that is nearing its life expectancy. Two infrastructure projects are ongoing after grant funding was applied for and awarded in FY2021. While capital projects may pose major difficulties during their construction phases, the benefits of recent projects completed highlight Parkersburg's long-term planning success, the resiliency of our citizens, and our desire to be a healthier, more sustainable community in the future.

Many indicators were taken into account when adopting the budget for Fiscal Year 2022. The amount available for appropriation in the Fiscal Year 2022 operating budget is \$3,614,191. The City Council and Mayor have made every effort to keep the City financially secure while also preparing for the future. The City's budgeted cash balance is expected to decline in the near future as capital projects are completed. Parkersburg's future economic well-being is more optimistic than in the prior year because of our continued growth and recovery, conservative financial planning, the completion of capital projects, and because of the positive spirit of the Parkersburg community.

Contacting the City's Financial Management:

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Chris Luhring, City Administrator/Clerk; 608 Hwy 57, PO Box 489; Parkersburg, Iowa 50665



Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2021

	As of and fo	r the year ende	ed June	e 30, 2021				
	Dis	bursements		narges for Service	Opera Cor and	ram Receipts ating Grants, atributions, Restricted Interest	Con	ital Grants, atributions, Restricted Interest
Functions/Programs:		=======================================	*					
Primary Government: Governmental activities: Public safety Public works Health and social services	\$	387,094 471,468 518	\$	143,919	\$	279,868	\$	132,499 - - 12,234
Culture and recreation Community and economic development General government Debt service Capital projects		295,716 461,647 218,566 471,301 1,298,012		31,400		(a) (a) (a)		10,731
Total governmental activities	·	3,604,322		175,319	-	279,868	0	524,473
Business type activities: Water Sewer		187,091 178,539		337,065 228,045) 	(4) (4)	11	-
Total business type activities		365,630		565,110	-	270.000	•	524 472
Total Component Unit:	\$	3,969,952	\$	740,429	\$	279,868	\$	524,473
Parkersburg Economic Development	\$	21,319	\$		\$	49,510	\$	
Property and other city tax levied for: General purposes Debt Service Tax increment financing Local option sales tax Payment from City of Parkersburg Unrestricted interest on investments Bond proceeds Miscellaneous Transfers Total general receipts and transfers Change in cash basis net position Cash basis net position beginning of year								
-								
Cash basis net position end of year								
Cash Basis Net Position Restricted: Nonexpendable - cemetery perpetual care Expendable: Streets Urban renewal purposes Debt service Capital projects Other purposes Unrestricted Total cash basis net position								

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets

	~			imary Government		~
mponent	Co	T-4-1		Business Type	vernmental	
Unit		Total	-	Activities	Activities	F
	\$	(254,595)	\$	\$ -	(254,595)	\$
	•	(47,681)			(47,681)	•
		(518)			(518)	
		(252,082)		2	(252,082)	
		(450,916)		~	(450,916)	
		(218,566)		Ħ	(218,566)	
		(471,301)			(471,301)	
		(929,003)		 ;	(929,003)	
		(2,624,662)	-	<u>*</u>	(2,624,662)	
		149,974		149,974	•	
		49,506		49,506	<u></u>	
	-	199,480	-	199,480	(2.624.662)	
		(2,425,182)	3	199,480	(2,624,662)	
28,19		:*			*	
		828,458		_	828,458	
		119,473			119,473	
		498,484			498,484	
		201,988		<u>#</u>	201,988	
39,71		4		12	≈	
42		9,078			9,078	
		1,579,687		**	1,579,687	
		185,841		(296,142)	185,841 296,142	
40.13		2 422 000	-			
40,13		3,423,009		(296,142)	3,719,151	
68,32		997,827		(96,662)	1,094,489	
247,07		2,457,365		943,704	1,513,661	
315,40	\$	3,455,192	<u>\$</u>	\$ 847,042	2,608,150	\$
	\$	66,097	\$	\$	66,097	\$
		292,027		4	292,027	
		130,523		:=	130,523	
		9,947		17	9,947	
		(149,660)		<u> </u>	(149,660)	
04 - 40		68,526			68,526	
315,40		2 027 722				
315,40		3,037,732		847,042	2,190,690	_

- 10 -

Statement of Cash Receipts, Disbursements and Changes in Cash Balances Governmental Funds

As of and for the year ended June 30, 2021

As of the for the year office.	a varie	50, 2021		Special	Reve	nue
			H	Road		Urban
				Use		Renewal
		General	:(Tax	T	ax Increment
Receipts:	\$	622,794	\$	49	\$	520
Property tax Tax increment financing	Þ	022,794	Φ	=	Φ	498,484
Other city tax		10,731		<u>~</u>		-
Licenses and permits		5,860				-
Use of money and property		8,564		*		-
Intergovernmental		259,199		279,868		-
Charges for service		175,319		*		(€)
Miscellaneous		59,580				
Total receipts		1,142,047		279,868		498,484
Disbursements:						
Operating:						
Public safety		330,883		-		 .
Public works		182,735		234,272		38
Health and social services		518		1		=======================================
Culture and recreation		261,536				461,647
Community and economic development General government		170,137		_ 		401,047
Debt service		170,157		_		;#\V
Capital projects		-				997
Total disbursements		945,809		234,272		461,647
excess (deficiency) of receipts over (under) disbursements		196,238		45,596		36,837
her financing sources (uses):						
Bond proceeds		1,579,687		=		: = 7.
Operating transfers in		40,398		4		5 2 0
Operating transfers out		(993,729)		(100,000)		(48,908)
Total other financing sources (uses)		626,356		(100,000)		(48,908)
let change in cash balances		822,594		(54,404)		(12,071)
Cash balances beginning of year		1,368,096		346,431		142,594
Cash balances end of year	\$	2,190,690	\$	292,027	\$	130,523
Cash Basis Fund Balances			_		=	
			Φ.		Ф	
Nonspendable - cemetery perpetual care	\$		\$		\$	-
Restricted for:				292,027		Hall
Streets Lishon renoval purposes		1.50 124		292,027		130,523
Urban renewal purposes Debt service		-		-		130,323
Capital projects		-		S		5 ± 0
Other purposes				-		340
Unassigned		2,190,690		<u> </u>		(#)
Total cash basis fund balances	•	2,190,690	\$	292,027	\$	130,523
i otal Casil Gasis Italia Galances	—	2,170,070	Ф	272,021	=	130,323

See notes to financial statements.

8	Debt Service	r <u></u>	Capital Gov		Other Nonmajor vernmental Funds	i	Total
\$	119,473	\$	11 - 1	\$	205,664	\$	947,931
•		•		·	-		498,484
	9		<u>(</u> €		201,988		212,719
	8		35		-		5,860
			*		514		9,078
	1,891		369,009		4,044		914,011
	~		72k		148 150		175,319 59,580
(:					-	
i e	121,364	_	369,009		412,210		2,822,982
					56,211		387,094
			-		54,461		471,468
	-						518
	-		-		34,180		295,716
	=		-		-		461,647
			\ *		48,429		218,566
	471,301				-		471,301
0			1,298,012	_			1,298,012
0)	471,301		1,298,012		193,281	2	3,604,322
-	(349,937)	-	(929,003)	-	218,929	((781,340)
10-	353,908	-	1,246,461 -		(201,988)	0	1,579,687 1,640,767 (1,344,625)
	353,908		1,246,461		(201,988)	·	1,875,829
	3,971		317,458		16,941		1,094,489
:(5,976		(467,118)		117,682		1,513,661
\$	9,947	\$	(149,660)	\$	134,623	\$	2,608,150
\$	ā	\$		\$	66,097	\$	66,097
			٠		:		292,027
					3		130,523
	9,947		-		1		9,947
	9		(149,660)				(149,660)
			<u>≅</u>		68,526		68,526
\$	9,947	\$	(149,660)	\$	134,623	\$	2,190,690
Ψ	7,717	====	(177,000)	Ψ.	13 1,023	<u> </u>	=,0,0,100

- 11 -

Statement of Cash Receipts, Disbursements and Changes in Cash Balances Proprietary Funds

As of and for the year ended June 30, 2021

	Enterprise Funds				
	Sewer Rental	Water	Total		
Operating receipts:	Kontar	- vv ater			
Charges for service:	d)	ф 227 0 <i>65</i>	Ф 227.0 <i>65</i>		
Sale of water Sewer rental fees	\$ - 228,045	\$ 337,065	\$ 337,065 228,045		
Sewel Tental Tees	220,010	Y = /			
Total operating receipts	228,045	337,065	565,110		
Operating disbursements:					
Business type activities:		107.001	107.001		
Water Sewer	178,539	187,091	187,091 178,539		
Bewei	170,000	8			
Total operating disbursements	178,539	187,091	365,630		
Excess of operating receipts					
over operating disbursements	49,506	149,974	199,480		
Other financing sources:	146140	150,000	206.142		
Operating transfers out	146,142	150,000	296,142		
Net change in cash balances	(96,636)	(26)	(96,662)		
Cash balances beginning year	507,708	435,996	943,704		
Cash balances end of year	\$ 411,072	\$ 435,970	\$ 847,042		
Cash Basis Fund Balances					
Unrestricted	\$ 411,072	\$ 435,970	\$ 847,042		
Total cash basis fund balances	\$ 411,072	\$ 435,970	\$ 847,042		

Notes to Financial Statements June 30, 2021

(1) Summary of Significant Accounting Policies

The City of Parkersburg is a political subdivision of the State of Iowa located in Butler County. It was first incorporated in 1874 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Parkersburg has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an Organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the Organization to provide specific benefits to or impose specific financial burdens on the City.

The government-wide financial statements present the City of Parkersburg (the primary government) and its component unit. The component unit discussed in Note 10 is included in the City's reporting entity because of the significance of its operational and financial relationship with the City. The component unit's cash receipts and disbursements are discretely presented on the City's financial statements and condensed information is presented in Note 10.

Jointly Governed Organization

The City participates in a jointly governed organization that provides goods or services to the citizenry of the City but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating government. An official is a member of the Butler County Joint E911 Service Board.

B. Basis of Presentation

Government-wide Financial Statements - The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

Notes to Financial Statements June 30, 2021

Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in three categories:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions of enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management, which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

<u>Fund Financial Statements</u> - Separate financial statements are provided for the governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Notes to Financial Statements June 30, 2021

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Fund Financial Statements (continued)

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Urban Renewal Tax Increment Fund is used to account for tax incremental financing collections and the repayment of tax incremental financing indebtedness.

The City reports the following major governmental funds:

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities with the exception of those financed through Enterprise Funds.

The City reports the following major proprietary funds:

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

Measurement Focus and Basis of Accounting

The City of Parkersburg maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America.

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

Notes to Financial Statements June 30, 2021

(1) Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances:

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts the council intends to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2021 disbursements did not exceed the amounts budgeted.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City's investments at June 30, 2021 were certificates of deposit only.

Notes to Financial Statements June 30, 2021

(2) Cash and Pooled Investments (continued)

Interest rate risk. The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

(3) Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation bonds and sewer revenue bonds are as follows:

	General Obligation Bond								
Year	11.	Refun	ding		Corporate Purpose				
Ending		Bon	ds			В	onds		
June 30,	<u>P</u>	Principal Interest			Principal			<u>Interest</u>	
2022	\$	25,000	\$	3,465	\$	95,000	\$	12,770	
2023		25,000		2,990		90,000		11,155	
2024		30,000		2,340		80,000		9,625	
2025		30,000		1,560		65,000		7,625	
2026		30,000		780		60,000		6,000	
2027-2028		ě		1ê		180,000		6,875	
Total	\$	140,000	\$	11,135	_\$_	570,000	\$	54,050	

Year Ending June 30,	Ending Series 2021A					
2022 2023 2024 2025 2026 2027-2031	\$ 155,000 165,000 160,000 165,000 170,000 750,000	\$ 18,910 14,100 12,450 10,850 9,200 19,325	\$ 275,000 280,000 270,000 260,000 260,000 930,000	\$ 35,145 28,245 24,415 20,035 15,980 26,200		
Total	\$ 1,565,000	\$ 84,835	\$ 2,275,000	\$ 150,020		

Notes to Financial Statements June 30, 2021

(4) Pension Plan

<u>Plan Description</u> - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

<u>Pension Benefits</u> - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service, but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July, 1990 receive a guaranteed dividend with their regular November benefit payments.

Notes to Financial Statements June 30, 2021

(4) Pension Plan (continued)

<u>Disability and Death Benefits</u> - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applied IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.41% of covered payroll and the City contributed 9.61% of covered payroll, for a total rate of 16.02%.

The City's contributions to IPERS for the year ended June 30, 2021 totaled \$41,460.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the City reported a liability of \$301,310 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the City's proportion was 0.0042893%, which was an increase of 0.000441% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$59,619, \$121,752 and \$74,616, respectively.

There were no non-employer contributing entities to IPERS.

<u>Actuarial Assumptions</u> - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

Rate of inflation (effective June 30, 2017) Rates of salary increases (effective June 30, 2017) 2.60% per annum.

3.25% to 16.25% average, including inflation. Rates vary by membership group.

Notes to Financial Statements June 30, 2021

(4) Pension Plan (continued)

Long-term investment rate of return (effective June 30, 2017) Wage growth (effective June 30, 2017) 7.00% compounded annually, net of investment expense, including inflation. 3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the June 30, 2020 valuation were based on the RP-2041 Employee and Health Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

		Long-Term Expected Real
Asset Class	Asset Allocation	Rate of Return
-		
Domestic equity	22.0%	4.43%
International equity	17.5%	5.15%
Global smart beta equity	6.0%	4.87%
Core plus fixed income	28.0%	-0.29%
Public credit	4.0%	2.29%
Cash	1.0%	-0.78%
Private equity	11.0%	6.54%
Private real assets	7.5%	4.48%
Private credit	3.0%	3.11%
Total	100.0%	

<u>Discount Rate</u> - The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Notes to Financial Statements June 30, 2021

(4) Pension Plan (continued)

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

					1%
			Discount Rate (7.00%)		(8.00%)
City's proportionate share of the net pension liability	\$ 485,779	\$	291,336	\$	128,299

<u>IPERS' Fiduciary Net Position</u> - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at <u>www.ipers.org</u>.

(5) Compensated Absences

Full time City employees accumulate vacation and sick leave hours for subsequent use. These accumulations are not recognized as disbursements by the City until used or paid.

Vacation hours not used as of June 30 each year are forfeited. The City has no liability for earned vacation payable to employees at June 30, 2021. Sick leave is payable only when used and not upon retirement or death.

Full time City employees qualify for overtime pay when hours worked in a specific week exceed 40 hours. The employee is entitled to be paid for the excess hours at one and one half their hourly rate or they may choose to accumulate comp time. At June 30, 2021, the accumulated comp time was \$9,705 using the rates of pay in effect at that time.

(6) Anticipatory Warrants

Anticipatory warrants are the warrants which are legally drawn on City funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented for redemption.

There was not any anticipatory warrant activity for the year ended June 30, 2021.

(7) Construction Commitments

At June 30, 2021, the City had approved construction projects totaling \$3,290,752. As of June 30, 2021, \$1,018,623 of these projects had been completed and had been paid. The remaining contract balances are to be completed and paid after June 30, 2021.

Notes to Financial Statements June 30, 2021

(8) Other Postemployment Benefits (OPEB)

<u>Plan Description</u> - The City operates a single-employer health benefit plan which provides medical/prescription drug/dental benefits for full time employees and their families, and for retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members range from \$626 for single coverage to \$2,143 for family coverage. The same monthly premiums would apply to retirees. For the year ended June 30, 2021, the City contributed \$151,605 and plan members eligible for benefits contributed \$0 to the plan. At June 30, 2021 no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

<u>OPEB Benefits</u> - Individuals who are employed by the City and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2021, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	9
Total	10

(9) Risk Management

The City of Parkersburg is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Notes to Financial Statements June 30, 2021

(10) Component Unit

The Cash Basis Statement of Activities and Net Assets includes the discretely presented financial information of the City's component unit, Parkersburg Economic Development, whose relationship to the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Parkersburg Economic Development is governed by an eight-member board.

Included in the receipts of the component unit is \$39,712 which is from the City of Parkersburg. Likewise, in the financial statements of the City, disbursements of \$39,712 are included in the Special Revenue, Urban Renewal Tax Increment fund, under the community and economic development function.

Below, a condensed financial statement for the Parkersburg Economic Development is presented:

Receipts: Use of money and property	\$	12,114
Miscellaneous		77,533
Total		89,647
Disbursements:		
Operating: Community and economic development		21,319
Total		21,319
Net change in cash balances		68,328
Cash balances beginning of year	_	247,072
Cash balances end of year	\$	315,400

Notes to Financial Statements June 30, 2021

(11) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

Transfer to:				
General	\$ 40,3	Special Revenue: Local Option Sales Tax	\$	100,000
		Proprietary: Enterprise:		
		Water		150,000
		Sewer Rental		146,142
		General		993,729
		Special Revenue:		
Debt Service	353,9	•		48,908
Capital Projects	1,246,4	1 Capital Projects	-	201,988
Total	\$ 1,640,7	7	_\$ 1	1,640,767

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(12) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financial as provided for in Chapters 15A and 403 of the code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2021, the City abated \$461,646 of property tax under the urban renewal and economic development projects.

- 24 -

Notes to Financial Statements June 30, 2021

(12) Tax Abatements (continued)

Tax Abatements of Other Entities

Property tax revenues of the City were reduced by the following amounts for the year ended June 30, 2021 under agreements entered into by the following entity:

Entity	Tax Abatement Program	Amount of Tax Abated
Butler County	Urban renewal and economic	40
	development projects	\$0

(13) Related Party Transactions

The City had business transactions between the City and City officials or employees totaling \$26,801 during the year ended June 30, 2021.

(14) Subsequent Events

Management has evaluated subsequent events through March 24, 2022, the date on which the financial statements were available to be issued.

(15) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United Stated continues to evolve. The full impact to local, regional and national economies, including that of the City of Parkersburg, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of the City of Parkersburg. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the City of Parkersburg's operations and finances.



Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2021

	Go	vernmental Funds Actual	Fu	rietary nds tual	Less Funds not Required to be Budgeted		
Receipts:							
Property tax	\$	947,931	\$	-	\$	*	
Tax increment financing		498,484		200		=	
Other city tax		212,719		*			
Licenses and permits		5,860		0.55		<u>:</u> #01	
Use of money and property		9,078		-		-	
Intergovernmental		914,011	_	65.110		=	
Charges for service		175,319	5	65,110			
Miscellaneous	E:	59,580	1:		-		
Total receipts	-	2,822,982	5	65,110		•	
Disbursements:							
Public safety		387,094		623		r ≅ 9	
Public works		471,468		1. 2 1		-	
Health and social services		518		;; • €		₩	
Culture and recreation		295,716		120		2	
Community and economic development		461,647		X. 55		÷.	
General government		218,566		3.00		-	
Debt service		471,301				-	
Capital projects		1,298,012		20			
Business type activities	-		3	65,630		-	
Total disbursements	a	3,604,322	3	65,630	8	€,	
Excess (deficiency) of receipts over (under) disbursements		(781,340)	1	99,480		<u>82</u> 3	
Other financing sources, net		1,875,829	2	96,142		-	
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses		1,094,489	4	95,622		*:	
Balances beginning of year	8	1,513,661	9	43,704	F	<u> </u>	
Balances end of year	\$	2,608,150	\$ 1,4	39,326	\$	6 2 3	

		Rudgeted	Amounts	Final to Net
	Net	Original	Final	Variance
-	Net	Original	FIIIdI	- Variance
\$	947,931	\$ 921,943	\$ 921,943	\$ 25,988
	498,484	481,907	481,907	16,577
	212,719	222,253	222,253	(9,534)
	5,860	9,400	9,400	(3,540)
	9,078	15,675	15,675	(6,597)
	914,011	1,331,015	1,331,015	(417,004)
	740,429	778,150	778,150	(37,721)
	59,580	37,600	37,600	21,980
-				
	3,388,092	3,797,943	3,797,943	(409,851)
-				
	297.004	488,409	488,409	101,315
	387,094	659,354	659,354	187,886
	471,468 518	5,234	5,234	4,716
	295,716		380,997	85,281
	461,647	380,997	493,812	32,165
		493,812	•	-
	218,566	221,799	221,799 471,252	3,233 51
	471,301	471,352	471,352	
	1,298,012	1,834,752	1,834,752	536,740
_	365,630	637,900	637,900	272,270
	3,969,952	5,193,609	5,193,609	1,223,657
	(581,860)	(1,395,666)	(1,395,666)	813,806
	(381,800)	(1,393,000)	(1,393,000)	015,000
	2,171,971	1,579,687	1,579,687	592,284
	1,590,111	184,021	184,021	1,406,090
	2 457 365	750,875	750,875	1,706,490
-	2,457,365	130,013	130,013	1,700,730
\$	4,047,476	\$ 934,896	\$ 934,896	\$ 3,112,580

Notes to Other Information - Budgetary Reporting

June 30, 2021

The budgetary comparison is presented in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control for the certified budget is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, the budget was not amended.

Schedule of the City's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System For the Last Six Years* (In Thousands)

Other Information

	2021	2020	2019	2018
City's proportion of the net pension liability	0.004289%	0.003849%	0.003791%	0.004079%
City's proportionate share of the net pension liability	301	223	240	272
City's covered payroll	502	468	433	422
City's proportionate share of the net pension liability as a percentage of its covered payroll	59.96%	47.65%	55.43%	64.45%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%

^{*} In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying independent auditors' report.

2016	2017
0.003842%	0.004167%
190	262
407	418
46.68%	62.68%
85.19%	81.82%

- 28 -

Schedule of City Contributions

Iowa Public Employees' Retirement System For the Last Ten Years (In Thousands)

Other Information

	2021	2020	2019	2018
Statutorily required contribution	\$ 41	\$ 42	\$ 39	\$ 37
Contributions in relation to the statutorily required contribution	 (41)	 (42)	(39)	 (37)
Contribution deficiency (excess)	\$ -	 	\$ 	\$) ** :
City's covered payroll	\$ 498	\$ 502	\$ 468	\$ 433
Contributions as a percentage of covered payroll	8.23%	8.37%	8.33%	8.55%

See accompanying independent auditors' report.

		2017	2016	2015	2014	2013	2012
	\$	36	\$ 36	\$ 35	\$ 35	\$ 33	\$ 30
_	_	(36)	 (36)	 (35)	(35)	 (33)	(30)
	\$		\$ 	\$ 	 	\$ 	\$
	\$	422	\$ 418	\$ 407	\$ 407	\$ 406	\$ 403
		8.53%	8.61%	8.60%	8.60%	8.13%	7.44%

- 29 -

Notes to Other Information - Pension Liability

Year ended June 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.00% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2015. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.



Schedule of Cash Receipts, Disbursements and Changes in Cash Balances -Nonmajor Governmental Funds

As of and for the year ended June 30, 2021

	As of and for the year ended June 30, 2021	Special			.1		
			cal Option Sales Tax		mployee Benefits		
Receipts:		•		\$	205,664		
Property tax		\$		Ф	203,004		
Tax increment financing			201,988		<u> </u>		
Other city tax Licenses and permits			201,966		-		
Use of money and property			-				
Intergovernmental					4,044		
Charges for service					1,011		
Miscellaneous			750 7 2 9				
Miscentaneous			<u>~</u>	_	<u></u>		
Total receipts		-	201,988		209,708		
Disbursements:							
Operating:							
Public safety			7-0		56,211		
Public works			-		54,461		
Health and social services			-		Œ		
Culture and recreation			-		34,180		
Community and economic development			•		2		
General government			•		48,330		
Debt service			727		-		
Capital projects							
Total disbursements		*			193,182		
Excess of receipts over disbursements			201,988		16,526		
Other financing sources (uses):							
Operating transfers in			•		-		
Operating transfers out			(201,988)				
Total other financing sources (uses)			(201,988)				
Net change in cash balances			(*		16,526		
Cash balances beginning of year		-	<u> </u>		2-		
Cash balances end of year		\$		\$	16,526		
Cash Balance Fund Balances							
Nonspendable - cemetery perpetual care							
Restricted for:		\$	99€3	\$	(*)		
Capital projects			9€		(8)		
Other purposes			33 5 1		16,526		
Unassigned		_) (1)	-	<u>;=0</u>		
Total cash basis fund balances		\$	(8)	\$	16,526		

	Re	venue				rmanent		
mergency Levy		Police Forfeiture		Historical House		Cemetery Perpetual Care		Total
-	\$	14 8	\$	-	\$	(\$	205,664
82		2 = 31		-		(: - (201,988
-		: - 0:		-		: : : : : : : : : : : : : : : : : : :		201,900
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						1140		56,211
		-		-		195		54,461
-		:: 1		*		1.5		
-		: <u></u>		*		15		34,180
		99						48,429
				2		<u> </u>		24
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FL		99	4		-		-	193,281
-	-	(99)	ii.		? <u> </u>	514	-	218,929
		::::::::::::::::::::::::::::::::::::::		*		E		(201,988)
	=07. B	-	-	-	-	*	-	(201,988)
	=8 N=====	(99)		;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;	-	514		16,941
		99		52,000		65,583		117,682
	\$	78.	\$	52,000	\$	66,097	\$	134,623
-	\$	l ë	\$	*	\$	66,097	\$	66,097
i i		<u>=</u>		52,000		<u>u</u>		68,526
3				32,000				-
	\$	₩.	\$	52,000	\$	66,097	\$	134,623

Schedule of Indebtedness

Year ended June 30, 2021

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
General Obligation Bonds:									
Street improvement bonds, Series 2012A	September 20, 2012	.75% - 2.75%	\$ 635,000	\$ 345,000	\$ -	\$ 345,000	\$ -	\$ 8,308	\$ -
Refunding bonds, Series 2012B	September 20, 2012	.65% - 2.60%	\$ 1,095,000	\$ 235,000	\$ -	\$ 95,000	\$ 140,000	\$ 5,270	\$ -
Corporate purpose bonds, Series 2017	September 5, 2017	1.40% - 2.50%	\$ 700,000	\$ 605,000	\$ -	\$ 35,000	\$ 570,000	\$ 13,260	\$ -
Corporate purpose and refunding bonds, Series 2021A	March 16, 2021	1%	\$ 1,565,000	<u>\$ -</u>	\$ 1,565,000	\$ -	\$ 1,565,000	\$ -	\$ -

Bond and Note Maturities

June 30, 2021

General Obligation Bonds								
Refunding Bonds, Series 2012B								
Issu	ed September 2	20, 201	2					
Year								
Ending	Interest							
June 30,	Rates	4	<u>Amount</u>					
2022	1.90%	\$	25,000					
2023	1.90%		25,000					
2024	2.60%		30,000					
2025	2.60%		30,000					
2026	2.60%		30,000					
		\$	140,000					

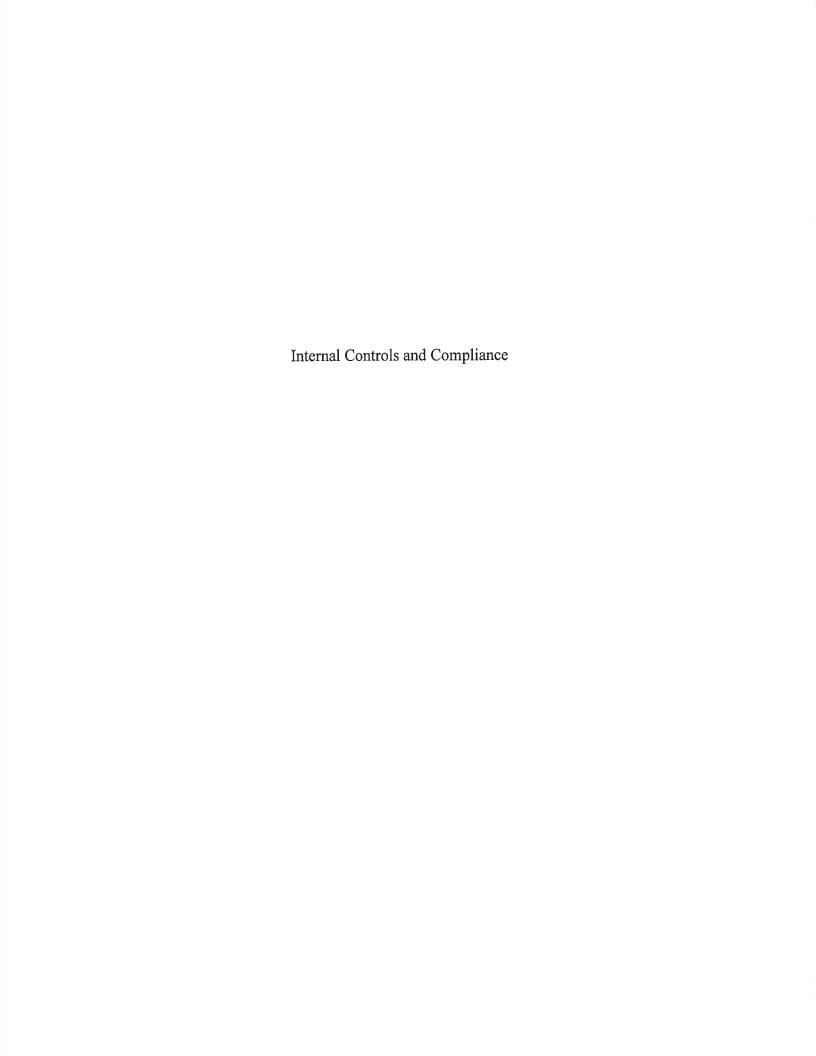
General Obligation Bonds								
Corporate Purpose Bonds, Series 2017								
Issued September 5, 2017								
Year								
Ending	Interest							
June 30,	Rates	4	<u>Amount</u>					
2022	1.70%	\$	95,000					
2023	1.70%		90,000					
2024	2.50%		80,000					
2025	2.50%		65,000					
2026	2.50%		60,000					
2027	2.50%		85,000					
2028	2.50%		95,000					
		\$	570,000					

			570,000
Gen	eral Obligation	Bonds	· · · · · · · · · · · · · · · · · · ·
Corporate Purpose a			
	sued March 16		
Year			
Ending	Interest		
June 30,	Rates		Amount
2022	1.00%	\$	155,000
2023	1.00%	Ψ	165,000
2024	1.00%		160,000
2025	1.00%		165,000
2026	1.00%		170,000
2027	1.00%		170,000
2028	1.00%		180,000
2029	1.00%		130,000
2030	1.00%		135,000
2031	1.00%		135,000
		ď	1 565 000
		\$	1,565,000

Schedule of Receipts by Source and Disbursements by Function All Governmental Funds

For the Last Ten Years

	2021	2020	2019	2018		2017	2016	2015	2014	2013	2012
Receipts:											
Property tax	\$ 947,931	\$ 905,520	\$ 866,803	\$ 873,969	\$	854,588	\$ 839,368	\$ 900,906	\$ 891,564	\$ 835,878	\$ 673,353
Tax increment financing	498,484	441,017	477,704	387,805	Ψ	363,695	381,833	407,480	425,631	449,660	846,376
Other city tax	212,719	150,657	134,250	113,646		121,099	110,413	126,675	117,792	125,438	127,193
Licenses and permits	5,860	8,746	8,625	9,075		11,699	10,693	9,592	10,651	9,170	10,089
Use of money and property	9,078	28,549	29,925	4,091		2,922	2,662	3,067	2,581	2,504	2,625
Intergovernmental	914,011	798,220	417,436	449,285		416,128	400,157	594,281	832,138	1,535,017	862,068
Charges for service	175,319	162,232	170,064	162,981		164,579	233,138	166,589	162,905	156,882	161,599
Special assessments	-	-	320	¥		2,787	2,149	1,943	2,298	2,152	4,168
Miscellaneous	59,580	108,506	70,529	61,589		95,522	112,434	130,988	269,830	56,438	338,696
Total	\$ 2,822,982	\$ 2,603,447	\$ 2,175,336	\$ 2,062,441	\$:	2,033,019	\$ 2,092,847	\$ 2,341,521	\$ 2,715,390	\$ 3,173,139	\$ 3,026,167
			·	*	<u> </u>						
Disbursements:											
Operating:											
Public safety	\$ 387,094	\$ 356,973	\$ 329,628	\$ 403,366	\$	330,492	\$ 791,285	\$ 371,942	\$ 339,246	\$ 330,293	\$ 240,536
Public works	471,468	417,193	389,506	403,750		469,813	385,511	363,634	378,955	361,815	306,397
Health and social services	518	2,994	1,301	147		993	200	916	541	729	1,265
Culture and recreation	295,716	376,008	251,011	196,271		232,649	341,037	346,581	270,236	276,724	295,696
Community and economic development	461,647	416,030	388,227	349,390		500,185	394,085	412,808	458,948	413,011	442,980
General government	218,566	199,414	200,072	191,920		198,343	172,945	163,882	156,075	193,993	325,627
Debt service	471,301	173,430	187,574	208,911		194,553	141,242	171,462	169,548	173,796	214,570
Capital projects	1,298,012	1,451,694	97,386	227,911	-	2,889	18,210	304,570	479,194	1,474,319	579,662
Total	\$ 3,604,322	\$ 3,393,736	\$ 1,844,705	\$ 1,981,666	•	1,929,917	\$ 2,244,515	\$ 2,135,795	\$ 2,252,743	\$ 3,224,680	\$ 2,406,733
10111	<u> </u>	<u> </u>	- 1,011,700	- 1,501,000	<u> </u>	1,749,917	Ψ 2,277,313	Ψ 2,133,173	Ψ <i>L</i> ,	Ψ 5,221,000	= 2,100,733



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Janel J. Ruzicka, CPA

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with

Government Auditing Standards

To the Honorable Mayor and Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Parkersburg, Iowa, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 24, 2022. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Parkersburg's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Parkersburg's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Parkersburg's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Parkersburg's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Parkersburg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Parkersburg's Responses to Findings

Councy, Shixandy, Marold, Co, L.P.

City of Parkersburg's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. City of Parkersburg's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Parkersburg during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Waterloo, Iowa March 24, 2022

Schedule of Findings and Questioned Costs Year ended June 30, 2021

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

None noted

INTERNAL CONTROL DEFICIENCIES:

None noted

Schedule of Findings and Questioned Costs Year ended June 30, 2021

Part II: Other Findings Related to Statutory Reporting:

II-A-21 <u>Official Depositories</u> - A resolution naming official depositories has been approved by the City. The maximum deposit amounts exceeded the amount stated in the resolution during the year ended June 30, 2021.

<u>Recommendation</u> - We recommend the amounts held in the bank be monitored on a daily basis to ensure that the balance does not exceed the maximum deposit limits. If the City expects to have an increase in funds held at the bank in excess of the set limits, then a new resolution should be discussed and passed to increase the limits.

<u>Response</u> - We acknowledge there was an instance where the amounts in the bank exceeded our maximum depository limits. This was an isolated incident due to receiving the proceeds from the bond issuance. We are consistently monitoring our daily bank balances and will discuss changes to our depository limits when the need arises.

Conclusion - Response accepted.

- II-B-21 <u>Entertainment Expense</u> We noted no disbursements for parties, banquets or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.
- II-C-21 <u>Travel Expense</u> No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- II-D-21 <u>Bond Coverage</u> Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-E-21 <u>Council Minutes</u> No transactions were found that we believe should have been approved in the Council minutes but were not.

Schedule of Findings and Questioned Costs Year ended June 30, 2021

Part II: Other Findings Related to Statutory Reporting (continued):

II-F-21 <u>Business Transactions</u> - Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, Business Connection	Transaction Description	Amount
Chris Luhring, City Administrator/Clerk, brother-in-law to owner of Johnson		
Plumbing and Heating	Repairs	\$ 23,305
Chris Luhring, City Administrator/Clerk, brother to owner of Parkersburg		
Hardware	Supplies	\$ 3,496

In accordance with Chapter 362.5(3)(d) the transactions may represent a conflict of interest since the transactions exceeded \$2,500 during the fiscal year and were not entered into through competitive bidding.

<u>Recommendation</u> - The City should consult legal counsel to determine disposition of any potential conflict of interest.

<u>Response</u> - We have consulted with legal counsel and have been informed that the mere existence of a familial relationship is not enough to trigger a violation of Section 362.5. The Mayor and City Council have taken steps to ensure that a true conflict of interest does not arise as well.

Conclusion - Response accepted.

- II-G-21 <u>Deposits and Investments</u> We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.
- II-H-21 Revenue Bonds We noted no instances of noncompliance with the revenue bond resolutions.
- II-I-21 <u>Urban Renewal Annual Report</u> We noted no instances of noncompliance with the report requirements.

Audit Staff

This audit was performed by:

Janel Ruzicka, CPA, Audit Partner

Ethan Philo, CPA

Austin Young